

February 4, 1977

The Natural Resources subcommittee on Extraction and Conversion met on February 4, 1977, at 8:10 a.m. in room 437, with Rep. Metcalf acting as chairman, and Reps. Frates, Ernst, Cox, Shelden and Harper present.

LESTER LOBLE, MDU, was the first to speak. A written comment is exhibit 1. He emphasized that Montana is not selfsufficient--if it weren't for the willingness of the neighbors to the east and the south we wouldn't have what we need. So he didn't agree with the insular approach that Montana only produce what she needs.

GENE PHILLIPS, Pacific Power and Light, also submitted written testimony which is exhibit 2. He emphasized that most of the coal in Montana is federal coal--and belongs to all the people of the country. He suggested that some of the coal tax money be used to add staff to State Lands so they can more adequately handle the coal situation. He left a booklet "EXION USA" for the committee to view--which deals with what do we need and where is it going to come from. He said their growth has been 6% a year. An interesting note was that in 1973 when there was the first energy crunch the growth dropped to 3%--so conservation played a part.

PAT STUART, Montana Coal Council, spoke next. She left a copy of her testimony, exhibit 3, also a copy of a magazine clipping, exhibit 4.

DON ALLEN, Montana Petroleum Association, said he had ten bills to be ready for so had not had time to prepare written testimony as yet. He said there are 600 members in his group and he needed to get some reaction from them. He said Montana has highest rentals on state lands of any state, and they continue when the well starts producing. Because of this he said when a company is wondering where to put their exploration dollars Montana usually comes last. He said there is strict regulations on revegetation of the pads before the bond is released. He didn't feel anything was needed to be done in that area--that there are adequate safeguards. He said oil companies have been involved in

Rep. Kessler came and assumed the chair.

geothermal exploration and he felt it was something that should be looked into. He said remember with solar that you still need a backup.

Rep. Frates commented on Mr. Allen's statement that Montana was the last place considered. He asked if there were many choices?

Mr. Allen said if you look at the map of Montana you will see that many counties do not have a well. But he said if the price continues to go up and if Montana changes her attitude and welcomes the industry, they will come here.

Mr. Frates asked if the Overthrust Belt were part of the Alberta field. Yes.

In answer to Rep. Harper's question of what comprises a "logical mining unit," JACK RATCHIE, Decker mine, said this was the concept as outlined by the geological survey in their last spring regulation. A logical mining unit would include a piece of land with a coal reserve that would be mineable in a unified state with respect to federal coal, state coal, or fee coal. It would depend on natural boundaries and the logical mining unit has certain acreage limitations which are adequate for a large modern coal mine. This is subject to change and review. He said it was going to be used by the BLM in their core development.

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Rep. Frates asked Pat Stuart if she knew something coming up that would use lignite in conversion. She said other than Intake Water and Circle West, no.

Rep. Ernst wondered if there was some middle ground between Montana only and furnish for the whole nation.

Mr. Phillips said inability to qualify under air conditions may keep us from becoming a furnace.

Rep. Frates mentioned an editorial in the Billings Gazette that had said equipment that would have cleaned up the emissions of a power plant to Class I clean air designation could have been purchased for 1 and a half million but would now cost a billion.

WARD SHANAHAN, Dreyer Bros, presented written testimony and this is exhibit 4.

The question of jobs was raised. There would be an increase in jobs whether the coal was shipped out or electricity was shipped out. Mr. Shanahan suggested having both--ship out the subbituminous and burn the lignite.

It was mentioned that the average price for strip mined coal is \$3 to \$4, while for underground coal it is \$11 to \$12. Question on how deep coal needs to be before it is uneconomical to mine was answered with 300 to 400 feet--unless some piece of equipment is invented to increase that.

Mr. Shanahan mentioned they have planned to solution mine uranium. He said as it comes out it is relatively low in radioactivity. He said DNR has a report on solution mining which he is looking forward to seeing. He urged the committee to look at the facts and see what it does.

Chairman Kessler said the subcommittee would start looking at bills. He said they would look at the bills and come up with some direct recommendations. Eileen Shore of the EQC passed out a paper listing the bills that could come under the subcommittee's consideration. Chairman Kessler said the subcommittee meeting times would be Monday, Wednesday and Friday at 8 a.m., and Tuesday and Thursday at 7 p.m.

-Meeting adjourned at 9:45 a.m.

Respectfully submitted,


Gerald Kessler

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